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11 September 1950

MEMORANDUM FOR: Mr. Houston

SUBJECT: State-Defense Staff Study

REFERENCE: Your memo of 1 September 1950 and enclosures

1. We note that your Tab D (final version to date) of the paper for which General Magruder seeks the DCI's agreement was referred to us for information only.

2. Attached, however, are some comments thereon for your use. They are not all-inclusive and not necessarily the most important items. I emphasize particularly the last two paragraphs thereof, "Conclusions" and "Recommendations".

3. We particularly wish to point out that, if the new National Estimates Staff and Current Intelligence Staff of the National Intelligence Group are really a part of CIA, then this paper deals wholly with the internal reorganization of CIA. We might submit a staff study on reorganizing the Pentagon or State!!!

4. I am still very suspicious of an "IAC Headquarters". That has the germ of becoming another CIA, under the Committee instead of under the DCI.

5. We still think the DCI reply of 26 July 1950 to Undersecretary Webb is the document that should go to the NSC. That clears up the misinterpretations given to the old NSCID No. 1. Otherwise it will be sidetracked or pigeonholed by Defense or State (as has been done with the plan for a merged Operations Office) and no solution will be reached and the IAC Members will continue to build themselves up and evade the intent of a Central Intelligence Agency. If we go along with the Magruder plan we should be called the Service Department of the Established Intelligence Agencies.

PRESCOTT CHILDS, Chief
Coordination, Operations
and Policy Staff

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